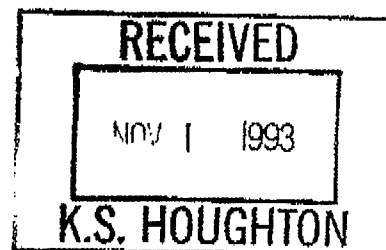


*WIC
G.B.*

PHILIP MORRIS U.S.A.

INTEROFFICE CORRESPONDENCE

Richmond, Virginia



To: R. A. Carchman

From: F. Daylor

Subject: New Zealand

Date: October 29, 1993

*Call Lee
Palash*
PERSONAL & CONFIDENTIAL

The New Zealand Smoke Free Environs Act of 14 December 1990, states the requirement to disclose ingredients, qualitatively and quantitatively, on a brand-by-brand basis. This disclosure, by statute, is required by 31 January each year for all the ingredients that were in use by brand, quantitatively and qualitatively, during the previous year.

When the Smoke Free Environs Act became effective, the Tobacco Institute of New Zealand (TINZ) began a long series of negotiations with the New Zealand Government which resulted in each company (PM, RJR, Rothmans, BAT) separately providing the Government with the following information:

- Total weight of tobacco in each product class
- Total number of pieces in each product class
- Total weight of ingredients used in each product class
- A five country list of acceptable ingredients and statements that all ingredients used are included on this list¹.

We are preparing for the eventuality that the Government will demand strict compliance with disclosure requirements in January 1994. Mr. Williams has compiled a list of all the brands offered by PM in New Zealand, including brands produced in the U.S., Australia, and R.Y.O. products produced in Europe. Copy of this list is attached. The list clearly identifies the possibility of disclosing the MF formulae. Please note that confidentiality is not possible in New Zealand and our disclosure could become public.

This week we met with representatives of RJR, BAT, and Rothmans. We heard a proposal to offer the NZ Government disclosure from each separate company. The proposed disclosure would be a company composite list (not by brand), with aggregate weight for each ingredient. This would be a sum of weights for each ingredient across all of that company's brands.

¹ This list compiled by PM R&D includes all ingredients approved for us on tobacco products in the following: Belgium, France, Germany, Switzerland, and United Kingdom. This list contains some 2,000 in number. Please note that the French Tobacco Regulations have expired and are being reestablished.

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PERSONAL & CONFIDENTIAL

The situation in New Zealand is somewhat fluid as the BAT and Rothmans companies in New Zealand are not under tight control of their parents. Further, there is a specter of the Government immediately demanding the per brand, qualitative and quantitative disclosure and the resulting revelation of our ultimate trade secret.

I suggest we discuss this situation with Ms. Linehan, Dr. Houghton, and Mssrs. Wall, Parrish, and Andrade. at an early date.



cc: A. Andrade
K. Houghton
K. Linehan
S. Parrish
C. Wall
D. Williams

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